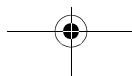
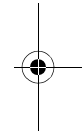
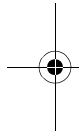




# *Social Security*



## How Work Affects Your Benefits



## Introduction

If you're receiving Social Security retirement or survivors benefits and still working, you can earn a substantial amount of money while receiving some benefits. However, depending on your age, your benefits will be reduced if you earn over certain limits. This leaflet explains how this works, what counts as "earnings" and how to report earnings to Social Security. It also explains a special rule that usually applies to the first year you start getting Social Security benefits.

***Note:*** *A different set of rules applies to people receiving Social Security disability benefits or Supplemental Security Income (SSI) payments. They should report all earnings to Social Security.*

*Also, a different set of rules applies to most work performed outside the United States. Contact Social Security if you are working (or plan to work) outside the U.S.*

## What Are The 2000 Earnings Limits?

In April 2000, a law was passed that changes the way we determine how your benefits are affected when you work while receiving retirement or survivors benefits. When you're working, your benefit amount will now be reduced only until you reach your full retirement age (currently age 65), not up to age 70 as the previous law required.

This is the formula we now use to determine how much your benefit must be reduced:

- If you're under full retirement age when you begin receiving your Social Security benefits, \$1 in benefits will be deducted for each \$2 you earn above the annual limit. For 2000, that limit is \$10,080.
- In the year you reach full retirement age, \$1 in benefits will be deducted for each \$3 you earn above a different limit, but only counting earnings before the month you reach the full retirement age. For 2000, this limit is \$17,000. Starting with the month you reach full retirement age, you can receive your full benefits with no limit on your earnings.

These new rules apply for the entire year of 2000, beginning January 1.

These are examples of how the rules would affect you:

- Let's say you begin receiving Social Security benefits at age 62 in January 2000 and you're entitled to \$600 a month (\$7,200 for the year). During the year, you work and earn \$20,000 (\$9,920 over the \$10,080 limit). We would withhold \$4,960 of your Social Security benefits (\$1 for every \$2 you earn over the limit), but you would still receive \$2,240 in benefits.
- Now, let's say you were age 64 at the beginning of the year, but reached full retirement age (currently 65) in August 2000. You earned \$40,000 during the year, with \$20,000 of it in the seven months from January through July. The amount

of benefits we would withhold would be \$1,000 (\$1 for every \$3 you earned above the \$17,000 limit). You would still receive \$6,200 of your Social Security benefits.

And, starting in August (when you reach 65), you would begin receiving your full benefits, no matter how much you earn.

## Your Earnings And Your Benefits—How Much Will You Get

The following table gives you an idea of how much you receive for the year based on your monthly benefits and estimated earnings.

For People Under Age 64		
If Your Monthly Social Security Benefit Is	And You Earn	You Will Receive Yearly Benefits Of
\$500	\$10,080 or less	\$6,000
500	15,000	3,540
700	10,080 or less	8,400
700	15,000	5,940
700	20,000	3,440
900	10,080 or less	10,800
900	15,000	8,340
900	20,000	5,840

## What Income Counts ... And When Do We Count It?

If you work for someone else, only your wages count toward Social Security's earnings limits. If you're self-employed, we count only your net earnings from self-employment. In either case, we do not count non-work income such as investment earnings, interest, pensions, annuities, capital gains and other government benefits.

If you work for wages, income counts when it is earned, not when it is paid. If you have income that you earned in one year but the payment was deferred to the following year, it should not be counted as earnings for the year you receive it. Some examples of deferred income include accumulated sick or vacation pay and bonuses.

If you're self-employed, income counts when you receive it—not when you earn it—except if it is paid in a year after you become entitled to Social Security and was earned before you became entitled to Social Security. For example, if you start getting Social Security in June 2000 and you receive some money in February 2001 for work you did before June, it will **not** count against your 2001 earnings limit. However, if the money you receive in February 2001 was for work you did after June, it **will** count against your 2001 earnings limit.

Also, if you're self-employed, we consider whether you perform substantial services in your business. One measure of your service is the amount of time you spend working. In general, if you work more than 45 hours a

month in self-employment, you are not retired; if you work less than 15 hours a month, you are retired. Work between 15 and 45 hours a month may be considered substantial if you work in an occupation that requires a lot of skill or you are managing a sizable business.

For detailed information about how we figure the mount of time you spend in your business and whether your work is substantial, call or visit us.

## A Special Rule For The First Year You Retire

Sometimes, people who retire in mid-year have already earned more than the yearly earnings limit before they retire. That's why there's a special rule that applies to earnings for one year, usually the first year of retirement. Under this rule, you can receive a full Social Security check for any whole month you are "retired," regardless of your yearly earnings.

In 2000, a person is considered retired if monthly earnings are \$840 for people under full retirement age (65 in 2000). For example, John Smith retires at age 62 on Aug. 30, 2000. He will make \$45,000 through August. He takes a part-time job beginning in September earning \$500 per month. Although his earnings for the year substantially exceed the year 2000 limit (\$10,080), he will receive a Social Security check for September through December. This is because his earnings in those months are under \$840, the special "first year of retirement" monthly limit for people under

full retirement age. If Mr. Smith earns more than \$840 in any one of those months (September through December), he will not receive a benefit for the month(s) he goes over the limit. Beginning in 2001, only the yearly limits will apply to him because he will be beyond his first year of retirement.

## Reporting Changes In Your Earnings

We calculated your benefit payments based on the earnings estimate you gave us when you applied for Social Security or your most recent estimate of earnings. At any time during the year, if you see that your earnings will be different from what you had estimated, you should call us to revise your estimate. This will help us keep the amount of your Social Security benefits correct.

If other family members get benefits on your Social Security record, the total family benefits may be affected by your earnings. This means we may withhold not only your benefits, but those payable to your family as well. But, if you get benefits as a family member, your earnings affect only your own benefits.

If you need help in figuring your earnings, contact us at **1-800-772-1213**. When you call, have your Social Security number handy.

## For More Information

You can get recorded information 24 hours a day, including weekends and holidays, by calling Social Security's toll-free number, **1-800-772-1213**. You can speak to a service representative between the hours of 7 a.m. and 7 p.m. on business days. Our lines are busiest early in the week and early in the month, so, if your business can wait, it's best to call at other times. Whenever you call, have your Social Security number handy.

People who are deaf or hard of hearing may call our toll-free TTY number, 1-800-325-0778, between 7 a.m. and 7 p.m. on business days.

You also can access Social Security information on the internet at [www.ssa.gov](http://www.ssa.gov).

We treat all calls confidentially—whether they're made to our toll-free numbers or to one of our local offices. We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some incoming and outgoing telephone calls.

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